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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

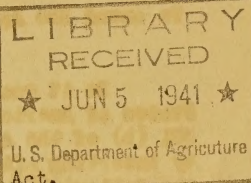
Reserve

AMENDMENTS TO THE AGRICULTURAL ADJUSTMENT ACT OF 1938 APPROVED IN 1940

1. [Public--No. 406--76th Congress]  
[Chapter 13--3d Session]  
[H. R. 7171]

AN ACT

To amend section 22 of the Agricultural Adjustment Act.



Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 22 of the Agricultural Adjustment Act of 1933, as amended, and as reenacted by section 1 (k) of the Agricultural Marketing Agreement Act of 1937, as amended, is amended by inserting after the words "Soil Conservation and Domestic Allotment Act, as amended", wherever they appear, the words and figures ", or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended"; by inserting in subsection (a) after the word "being" the words "or are practically certain to be"; by striking out in subsection (b) the words "limitations on the total quantities of any article or articles which may be imported" and by inserting in lieu thereof the words "fees on, or such limitations on the total quantities of, any article or articles which may be entered, or withdrawn from warehouse, for consumption"; by striking out in subsection (b) the expression "July 1, 1928, to June 30, 1933" and inserting in lieu thereof the expression "January 1, 1929, to December 31, 1933"; and by amending subsection (c) to read as follows: "The fees and import restrictions proclaimed by the President under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be specified in such proclamation, revocation, suspension, or modification, and such fees, which shall not be in excess of 50 per centum ad valorem, shall be treated for the purposes of all provisions of law relating to customs revenue as duties imposed by the Tariff Act of 1930."

Approved, January 25, 1940.

2. [Public--No. 544--76th Congress]  
[Chapter 237--3d Session]  
[H. R. 3955]

AN ACT

To amend section 335 (d) of the Agricultural Adjustment Act of 1938.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 335 (d) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the words, "one hundred" and inserting in lieu thereof the words "two hundred".

Approved, June 6, 1940.

3. [Public--No. 628--76th Congress]  
[Chapter 360--3d Session]  
[H. R. 9700]

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (3) (C) of section 301 (b) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the words "calendar year then current" the following: "except that it shall not include any amount of such tobacco of the 1939 and 1940 crops which the Secretary determines is stored temporarily in the United States because of war or other unusual conditions delaying the normal exportation thereof, and".

Sec. 2. That subsection (a) of section 312 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the figure "10" in the last sentence and inserting in lieu thereof the figure "20", and by striking out the period at the end of the last sentence and inserting in lieu thereof a comma and the following: "or to avoid undue restriction of marketings in adjusting the total supply to the reserve supply level."

Sec. 3. That subsection (c) of section 312 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding thereto the following: "In the same referendum the Secretary shall also submit to such farmers the question of whether they favor tobacco marketing quotas for a period of three years, beginning with the marketing year next following. If two-thirds of the farmers voting on this question favor marketing quotas for a three-year period, the Secretary shall proclaim marketing quotas for such period, and, beginning on the first day of the marketing year next following and continuing throughout the period so proclaimed, a national marketing quota shall be in effect for the tobacco marketed during each marketing year in said period unless amendments are made in the provisions for determining farm allotments so as to cause material revision of such allotments before the end of such period. If more than one-third of the farmers voting on this question oppose marketing quotas for the three-year period, such results shall be proclaimed by the Secretary and quotas for a longer period than one year shall not be in effect, but such result shall in no wise affect or limit the proclamation and submission to a referendum, as otherwise provided in this section, of a national marketing quota for any marketing year thereafter."

Sec. 4. That subsection (a) of section 313 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the colon and all the words thereafter which follow the words "such five-year period" and inserting in lieu thereof a period and the following: "Notwithstanding any other provision of this section and section 312, except the provisions in subsection (g) of this section relating to reduction of allotments, for any of the three marketing years, 1941-1942 to 1943-1944, in which a national marketing quota is in effect for burley or flue-cured tobacco, such national marketing quota shall not be reduced below the 1940-1941 national marketing

quota by more than 10 per centum and the farm-acreage allotments (other than allotments established in each year under subsection (g) of this section for farms on which no tobacco was produced in the last five years) shall be determined by increasing or decreasing the farm-acreage allotments established in the last preceding year in which marketing quotas were in effect in the same ratio as such national marketing quota is increased or decreased above or below the last preceding national marketing quota: Provided, That in the case of flue-cured tobacco no allotment shall be decreased below the 1940 allotment if such allotment was two acres or less, and in the case of burley tobacco no allotment shall be decreased below the 1939 allotment if such allotment was one-half acre or less, or below the 1940 allotment if such allotment was over one-half acre and not over one acre: And provided further, That an additional acreage not in excess of 2 per centum of the total acreage allotted to all farms in each State in 1940 shall be allotted by the local committees, without regard to the ratio aforesaid, among farms in the State in accordance with regulations prescribed by the Secretary so as to establish allotments which the committees find will be fair and equitable in relation to the past acreage of tobacco (harvested and diverted); land, labor, and equipment available for the production of tobacco; and crop-rotation practices."

Sec. 5. That section 314 of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting "(a)" immediately before the first word therein and by adding at the end of the section the following: "If any producer falsely identifies or fails to account for the disposition of any tobacco, an amount of tobacco equal to the normal yield of the number of acres harvested in excess of the farm-acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. Tobacco carried over by the producer thereof from one marketing year to another may be marketed without payment of the penalty imposed by this section if the total amount of tobacco available for marketing from the farm in the marketing year from which the tobacco is carried over did not exceed the farm marketing quota established for the farm for such marketing year (or which would have been established if marketing quotas had been in effect for such marketing year), or if the tobacco so carried over does not exceed the normal production of that number of acres by which the harvested acreage of tobacco in the calendar year in which the marketing year begins is less than the farm-acreage allotment. Tobacco produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though it is marketed prior to the date on which such marketing year begins.

"(b) The Secretary shall require collection of the penalty upon a proportion of each lot of tobacco marketed from the farm equal to the proportion which the tobacco available for marketing from the farm in excess of the farm marketing quota is of the total amount of tobacco available for marketing from the farm if satisfactory proof is not furnished as to the disposition to made of such excess tobacco prior to the marketing of any tobacco from the farm. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States until the end of the marketing year next succeeding that in which the funds are collected, and upon certification by the Secretary there shall be paid out of such special deposit account to persons designated by the Secretary

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the amount by which the penalty collected exceeds the amount of penalty due upon tobacco marketed in excess of the farm marketing quota for any farm. Such special account shall be administered by the Secretary, and the basis for, the amount of, and the person entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive."

Sec. 6. That subsection (a) of section 373 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and by adding the following: "and any tobacco warehouseman or dealer who fails to remedy such violation by making a complete and accurate report or keeping a complete and accurate record as required by this subsection within fifteen days after notice to him of such violation shall be subject to an additional fine of \$100 for each ten thousand pounds of tobacco, or fraction thereof, bought or sold by him after the date of such violation: Provided, That such fine shall not exceed \$5,000; and notice of such violation shall be served upon the tobacco warehouseman or dealer by mailing the same to him by registered mail or by posting the same at any established place of business operated by him, or both."

Approved, June 13, 1940

4. [Public--No. 716--76th Congress]  
[Chapter 521--3d Session]  
[H. R. 9594]

#### AN ACT

To amend the Soil Conservation and Domestic Allotment Act, as amended, the Agricultural Adjustment Act of 1938, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12 (b) of the Soil Conservation and Domestic Allotment Act, as amended, be amended by adding the following sentence at the end thereof: "In carrying out the provisions of this subsection, the Secretary may transfer to the Federal Crop Insurance Corporation, prior to the execution of applications for insurance or requests for advances by producers, the funds estimated as necessary to cover the advances which will be requested for the payment of premiums under a crop insurance program, and any portion of such funds not used for advances to producers under such program shall be returned to the Secretary by the Federal Crop Insurance Corporation."

Sec. 2. That paragraph (5) of subsection (c) of section 8 of the Soil Conservation and Domestic Allotment Act, as amended, is amended by adding at the end thereof the following sentence: "Such normal yield per acre for any county need be redetermined only when the actual average yield for the ten calendar years immediately preceding the calendar year in which such yield is being reconsidered differs by at least 5 per centum from the actual average yield for the ten years upon which the existing normal yield per acre

for the county was based."

Sec. 3. That paragraph (6) of subsection (b) of section 301 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(6) (A) 'Market', in the case of corn, cotton, rice, tobacco, and wheat, means to dispose of, in raw or processed form, by voluntary or involuntary sale, barter, or exchange, or by gift inter vivos, and, in the case of corn and wheat, by feeding (in any form) to poultry or livestock which, or the products of which, are sold bartered, or exchanged, or to be so disposed of, but does not include disposing of any of such commodities as premium to the Federal Crop Insurance Corporation under title V.

"(B) 'Marketed', 'marketing', and 'for market' shall have corresponding meanings to the term 'market' in the connection in which they are used."

Sec. 4. That subparagraph (A) of paragraph (13) of subsection (b) of section 301 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(13) (A) 'Normal yield' for any county, in the case of corn or wheat, shall be the average yield per acre of corn or wheat for the county during the ten calendar years immediately preceding the year in which such normal yield is determined, adjusted for abnormal weather conditions and trends in yields. Such normal yield per acre for any county need be redetermined only when the actual average yield for the ten calendar years immediately preceding the calendar year in which such yield is being reconsidered differs by at least 5 per centum from the actual average yield for the ten years upon which the existing normal yield per acre for the county was based."

Sec. 5. That subparagraph (B) of paragraph (13) of subsection (b) of section 301 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(B) 'Normal yield' for any county, in the case of cotton, shall be the average yield per acre of cotton for the county, adjusted for abnormal weather conditions, during the five calendar years immediately preceding the year in which such normal yield is determined."

Sec. 6. That subsection (c) of section 372 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the words "within one year" and inserting in lieu thereof the words "within two years"; by adding after the words "wrongfully collected" and before the comma the words "and the claimant bore the burden of the payment of such penalty"; and by adding after the first paragraph the following new paragraph:

"Notwithstanding any other provision of law, the Secretary is authorized to prescribe by regulations of the identification of farms and it shall be sufficient to schedule receipts into special deposit accounts or to schedule such receipts for transfer therefrom, or directly, into the separate fund provided for in subsection (b) hereof by means of such identification without reference to the names of the producers on such farms."

Sec. 7. That section 385 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof the following new sentence: "In case any person who is entitled to any such payment dies, becomes incompetent, or disappears before receiving such payment, or is succeeded by another who renders or completes the required performance, the payment shall, without regard to any other provisions of law, be made as the Secretary of Agriculture may determine to be fair and reasonable in all the circumstances and provide by regulations."

Sec. 8. That section 391 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding thereto the following new subsection:

"(c) During each fiscal year, beginning with the fiscal year ending June 30, 1941, the Commodity Credit Corporation is authorized and directed to loan to the Secretary such sums, not to exceed \$50,000,000, as he estimates will be required during such fiscal year, to make crop insurance premium advances and to make advances pursuant to the applicable provisions of sections 8 and 12 of the Soil Conservation and Domestic Allotment Act, as amended, in connection with programs applicable to crops harvested in the calendar year in which such fiscal year ends, and to pay the administrative expenses of county agricultural conservation associations for the calendar year in which such fiscal year ends. The sums so loaned during any fiscal year shall be transferred to the current appropriation available for carrying out sections 7 to 17 of such Act and shall be repaid, with interest at a rate to be determined by the Secretary but not less than the cost of money to the Commodity Credit Corporation for a comparable period, during the succeeding fiscal year from the appropriation available for that year or from any unobligated balance of the appropriation for any other year."

Sec. 9. That where an agricultural adjustment or conservation payment has been made to a person, and all or part of such payment was earned by a second person by virtue of his having, in good faith, contributed to the rendering of performance for which the payment was made, but who did not enter into or apply for an adjustment contract prior to January 6, 1936, or with respect to any agricultural conservation payment did not apply for payment prior to the expiration of the obligating period of the applicable appropriation or prior to any earlier administrative closing date authorized by the Secretary of Agriculture, and the first person turned over to the second person, as substantiated by evidence acceptable to the Secretary, all or a part of the share of such payment so earned by the second person or refunds all or a part of such share to the United States, such second person shall be deemed to have been entitled to receive such sum from the first person, or where such amount is refunded to the United States shall be entitled to receive from the United States the amount so refunded, as a discharge, to the extent of the amount turned over to, or received by, such second person, of an obligation or commitment which is hereby deemed to have arisen by virtue of his contribution to the performance rendered.

An agricultural adjustment payment under this section shall be considered to be a payment made under section 8 of the Agricultural Adjustment Act of 1933 or the item entitled "Payments for agricultural adjustment", contained in the Supplemental Appropriation Act, fiscal year 1936, as amended by the Act of June 25, 1936; and an agricultural conservation payment under this section shall be

considered to be a payment made under section 8 of the Soil Conservation and Domestic Allotment Act, as amended, under any program formulated for any year from 1936 to 1939, inclusive.

Approved, July 2, 1940

5. [Public--No. 876--76th Congress]  
[Chapter 914--3d Session]  
[S. 4374]

AN ACT

To amend the Agricultural Adjustment Act of 1938.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (15) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the words--

"Fire-cured and dark air-cured tobacco, comprising types 21, 22, 23, 24, 35, 36, and 37;"

and inserting in lieu thereof the following:

"Fire-cured tobacco comprising types 21, 22, 23, and 24;

"Dark air-cured tobacco, comprising types 35 and 36;

"Virginia sun-cured tobacco, comprising type 37;"

Sec. 2. That section 312 of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out subsections (b), (d), (e), and (f) of such section, by striking out all of the second sentence in subsection (c) of such section, and by changing the subsection designation "(c)" therein to "(b)".

Sec. 3. The last sentence of section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows:

"The base period in case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914. In the case of all kinds of tobacco except Burley and flue-cured such base period shall be the period August 1919 to July 1929, and, in the case of Burley and flue-cured tobacco, shall be the period August 1934 to July 1939; except that the August 1919-July 1929 base period shall be used in allocating any funds appropriated prior to September 1, 1940."

Sec. 4. That section 301 (b) (15) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end of the last sentence thereof and adding a colon and the following: "Provided, That any one or more of the types comprising any such kind of tobacco shall be treated as a 'kind of tobacco' for the purposes of this Act if the Secretary finds there is a difference in supply and demand conditions as among such types of tobacco which results in a difference in the adjustments needed in the marketings thereof in order to maintain supplies in line with demand."

Sec. 5. That section 312 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out subsection (b) thereof.

Approved, November 22, 1940.

6. [Public--No. 879--76th Congress]  
[Chapter 917--3d Session]  
[S. 4311]

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subparagraph (E) of paragraph (13) of subsection (b) of section 301 of the Agricultural Adjustment Act of 1938, as amended, is amended so as to provide for the determination of farm normal yields for corn, wheat, and cotton on the basis of the same period of years used in the determination of county normal yields for those commodities, by striking out in the first sentence thereof the words "with respect to which such normal yield is used in any computation authorized under this title" and by substituting in lieu thereof the words "in which such normal yield is determined".

Approved, November 25, 1940.

7. [Public Resolution--No. 73--76th Congress]

[Chapter 200--3d Session]

[H.J. Res. 258]

JOINT RESOLUTION

To amend section 8 (f) of the Soil Conservation and Domestic Allotment Act,  
as amended.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8 (f) of the Soil Conservation and Domestic Allotment Act, as amended, is amended to read as follows:

"(f) Any change in the relationship between the landlord and the tenants or sharecroppers, with respect to any farm, that would increase over the previous year the amount of payments or grants of other aid under subsection (b) that would otherwise be made to any landlord shall not operate to increase such payment or grant to such landlord. Any reduction in the number of tenants below the average number of tenants on any farm during the preceding three years that would increase the payments or grants of other aid under such subsection that would otherwise be made to the landlord shall not hereafter operate to increase such payment or grant to such landlord. Such limitations shall not apply if on investigation the local committee finds that the change is justified and approves such change in relationship or reduction. Such action of local committees shall be subject to approval or disapproval by State committees."

Approved, May 14, 1940.

8. [Public Law 27--77th Congress]

[Chapter 39--1st Session]

[H.R. 3546]

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after part V of subtitle B thereof the following new part:

"Part VI--Marketing Quotas--Peanuts

"Legislative Findings

"Sec. 357: The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and, owing to causes beyond their control, the farmers producing such commodity and the persons engaged in the marketing and processing

thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketings of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.

#### "Marketing Quotas

"Sec. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: Provided, That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than 95 per centum of that established for the crop produced in the calendar year 1941.

"(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the

calendar year immediately following the calendar year in which the referendum is held. Notwithstanding any other provisions of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 equal to the minimum quota provided for said year in subsection (a) hereof and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective, and the State and farm acreage allotments established under the 1941 agricultural conservation program shall be the State and farm acreage allotments for the 1941 crop of peanuts.

"(c) The national acreage allotment shall be apportioned among States on the basis of the average acreage of peanuts harvested for nuts in the five years preceding the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut-acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: Provided, That the allotment established for any State for any year subsequent to 1941 shall be not less than 95 per centum of the allotment established for such State for the crop produced in the calendar year 1941: Provided further, That for the second or third year of any three-year period in which marketing quotas are in effect the acreage allotment for each State for such year shall be increased above or decreased below the allotment for the State for the immediately preceding year by the same percentage as the national marketing quota for such year is increased above or decreased below the national marketing quota for the preceding year.

"(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut acreage allotments established for the farm under previous agricultural adjustment and conservation programs. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested and the total increases made in farm-acreage allotments in any year based on such excess acreage shall not exceed 2 per centum of the national acreage allotment for such year: Provided, That in the distribution of such increases based on such excess acreage the total allotments established for new farms shall not be less than 50 per centum of such increases. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

#### "Marketing Penalties

"Sec. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound, except as provided in subsection (b) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the

peanuts from the producer, or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. If, in the course of marketing, any peanuts produced on one farm are falsely identified by a representation that such peanuts were produced on another farm, or, if there is a failure to make a report of the disposition of peanuts available for marketing from any farm, each person participating in the false identification of the peanuts or failing to make a report of the disposition of such peanuts as required by regulations issued by the Secretary shall be subject to a penalty of \$25 for each acre, or fraction thereof, of peanuts harvested in excess of the farm-acreage allotment for the farm on which such peanuts were produced and such penalty shall be in addition to any other penalty due hereunder.

"(b) Payment of the penalty of 3 cents per pound upon the marketing of peanuts as provided in subsection (a) above will not be required if such excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary, or for cleaning and shelling at prices not less than those established under any peanut-diversion or peanut-loan program operated by the Secretary. For all peanuts so delivered under this subsection, producers shall be paid for the portion of the lot constituting excess peanuts the market value thereof for crushing for oil as of the date of such delivery, less the estimated cost of storing, handling, and selling such peanuts. Any person who acquires peanuts for crushing for oil under the provisions of this subsection, and who uses or disposes of such peanuts for purposes other than for crushing into oil, shall pay a penalty of 3 cents per pound upon the peanuts so used or disposed of and shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both. Operations under this subsection shall be carried on under regulations prescribed by the Secretary, and the operations of any agency designated to receive and market peanuts may be separate from or combined with operations of other agencies.

"(c) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

"(d) The word 'peanuts' wherever used in this Act means peanuts which are picked and threshed by mechanical means, whether such peanuts are picked and threshed before or after marketing by the producer.

"(e) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-diversion program or peanut loan shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, either a peanut-diversion program or a peanut-loan program, or both, shall be in effect with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. The Commodity Credit Corporation is directed to make available loans upon peanuts during any marketing year in which marketing quotas are in effect. Such loans shall be made only to producers, farmer cooperatives, and farmer associations, only on the marketing quota for each farm, at rates not less than 50 per centum and not more than 75 per centum of the parity price of peanuts as of the beginning of the marketing year (which parity price shall be on the basis of the formula used in determining the parity price of peanuts as published by the Bureau of Agricultural Economics in The Agricultural Situation, volume 25, number 1, January 1941), and the peanuts shall be the sole security for such loans. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection shall apply as though such referendum had been held in the calendar year 1940.

"(f) There is hereby authorized to be appropriated, each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this part and for the expenses of administering this part:

"(g) The provisions of this section shall not apply to nor interfere with the inauguration or the operation of any program approved by the Secretary pursuant to authority contained in existing law designed to establish new uses for peanuts and peanut products or expand markets for peanuts and peanut products."

Sec. 2. Paragraph (1) (B) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately following the word "cotton" the words "or peanuts".

Sec. 3. Paragraph (6) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new paragraph:

"(C) 'Market', in the case of peanuts, means to dispose of peanuts, including farmers' stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange or by gift inter vivos."

Sec. 4. Section 361 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

Sec. 5. Subsections (a) and (b) of section 371 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, are amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

Sec. 6. Subsection (a) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" wherever it appears in the first sentence thereof the word "peanuts" and a comma, by striking out the word "and" following the word "producers" in such first sentence; and by striking out the period at the end of such first sentence and inserting in lieu thereof a comma and the following: "all brokers and dealers in peanuts, all agents marketing peanuts for producers, or acquiring peanuts for buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines."

Sec. 7. Subsection (b) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

Sec. 8. Section 374 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

Sec. 9. Subsection (a) of section 375 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

Approved, April 3, 1941

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Division of Information,  
Reference Room,  
April 22, 1941.